

OCLC ONLINE COMPUTER LIBRARY CENTER, INC.
Meeting of the Board of Trustees
February 8, 2016

This meeting of the Board of Trustees of OCLC Online Computer Library Center, Inc., pursuant to the notice of the Secretary dated January 29, 2016, and in accordance with Article VII, Section I, of the Code of Regulations of OCLC Online Computer Library Center, Inc., convened at 8:32 a.m., local time, on February 8, 2016, at the Conference Center at OCLC, Lakeside Room, 6600 Kilgour Place, Dublin, Ohio. Ms. Yee presided as Chair and Ms. Presas kept the minutes of the meeting, except during the executive sessions, when Mr. Roselle kept the minutes.

Trustees present:

Brady Deaton
Berndt Dugall
Cindy Hilsheimer
Kathleen Keane
James Neal
Loretta Parham
John Patrick
Barbara Preece
David Roselle
John Szabo
Ellen Tise
Sandra Yee
Jennifer Younger

Trustees absent:

Barbara Lison

Also, present for all or portions of the meeting:

David Prichard, President & Chief Executive Officer
Andrew Bordas, Vice President Management and Customer Operations
Bruce Crocco, Vice President, Library Services for the Americas
Lorcan Dempsey, Vice President OCLC Research, Membership & Chief Strategist
Jeff Jacobs, Chief Information Officer
William Nilges, Vice President, Business Development
Julie Presas, General Counsel & Vice President of Legal Services
William Rozek, Chief Financial Officer
Tammi Spayde, Vice President, Corporate Human Resources
Mary Sauer-Games, Vice President, Global Product Management

Ms. Yee called the meeting to order, informed the Trustees that Ms. Lison is unexpectedly not able to attend the meeting, and noted a change to the meeting agenda to remove the reference to a P&C Committee Charter Resolution. Ms. Yee inquired as to whether there were any other changes to the meeting agenda, and there being none, Ms. Yee then inquired as to any changes, objections to, removals from or discussion of the proposed consent agenda, and there being none, she requested a motion to approve the consent agenda. Upon motion duly made and seconded, the Board of Trustees approved the consent agenda by unanimous vote of Trustees present. The consent agenda contained the minutes of the November

16, 2015 Special Meeting of the Board of Trustees and the minutes of the November 16, 2015 Annual Board of Trustees Meeting.

The Chair then called for the President's report. Mr. Prichard asked that the Board look to his written report for details, which was previously provided to the Trustees. Mr. Prichard highlighted the significant progress that has been made on FY16 priorities including Project Bedrock, the Kilgour building renovation and others. He also provided a summary of the first half financial results. Mr. Prichard then introduced Mary Sauer-Games to speak about the End User line of business. Ms. Sauer-Games provided an overview of the strategy for this line of business including WorldCat Discovery and FirstSearch. After discussion, Mr. Prichard thanked Ms. Sauer-Games and introduced Lorcan Dempsey to lead a discussion about OCLC governance. Mr. Dempsey provided a recap of the Board retreat and the Global Council meeting, both of which were held in November 2015. He then delivered a presentation on potential changes to the governance structure based on consultation and feedback from the leadership of Global Council and the Board. After discussion, Mr. Dempsey concluded his presentation. Mr. Prichard thanked the team for their work and the Chair commended the team for the excellent presentations.

The Chair then called for a break at 10:37 a.m.

The Chair re-convened the meeting at 11:01 a.m. and called the Board into executive session, with Mr. Prichard present. The Board continued in executive session until 11:05 a.m., at which time Chair Yee re-convened the Board in open session.

Ms. Yee then delivered the Chair's report. Ms. Yee asked that the Board look to her written report for details, which was previously provided to the Trustees and discussed the possible change to the Board Meeting schedule for 2017. This concluded the Chair's report.

The Chair then reported that the Executive Committee met with all members present, and had: (i) reviewed plans for the June, 2016 board meeting, which will be held in Durham, North Carolina, (ii) discussed the upcoming Global Council meeting in April, and (iii) reviewed the Committee Charter and recommended no changes. Chair Yee asked the Board Members for their feedback about reducing the number of Board meetings from 5 to 4. After discussion, there was consensus to transition to 4 meetings beginning in 2017. The Executive Committee will propose a resolution with meeting dates for 2017 during April's meeting. This concluded the Executive Committee's report.

The Chair then called for the report of the Audit Committee. Ms. Younger reported that the Committee met with all members present, and had: (i) met with OCLC's Audit Partner from Deloitte & Touche to review the engagement plan for the FY16 audit, which resolution is proposed, (ii) received an update from Deloitte & Touche of the new and proposed accounting pronouncements that may impact OCLC, (iii) received background related to the upcoming transfer pricing study, (iv) discussed submissions of Board and EMT Conflict of Interest Disclosure forms; 2 situations were identified, but after detailed review, neither were deemed a conflict of interest, and (v) received a briefing on a new enterprise risk management process that has been implemented. After Mr. Rozek responded to questions from the Board about the audit engagement plan and enterprise risk management process, the Chair brought forward the following resolution to the full Board for their approval:

RESOLUTION

RESOLVED, That Deloitte & Touche be engaged to perform the annual audit of the Corporation for the year ending June 30, 2016.

Upon a motion duly made, the Board of Trustees approved the Resolution by unanimous vote of the Trustees present. This concluded Ms. Younger's report.

The Chair then called for the report of the Personnel and Compensation Committee. Mr. Neal indicated that the Committee met with all members present, and had: (i) received an overview of OCLC's executive compensation programs including the components, annual and long-term objectives, incentive plan structures and compensation calendar, (ii) met with consultants from Willis Towers Watson who have been engaged to assess the competitiveness of OCLC's executive remuneration program and ensure that the program is reasonable for purposes of an intermediate sanctions assessment, (iii) reviewed the MIP & LTIP forecast for FY16, and (iv) reviewed the P&C Committee Charter and recommended no changes. Mr. Neal noted that, as significant changes in forecasts and strategic plans have occurred in the period since the establishment of the original LTIP targets, the Committee believes that a reassessment of the LTIP targets is needed. This topic will be incorporated in the April 2016 P&C Committee meeting agenda. This concluded Mr. Neal's report.

The Chair then called for the report of the Board Governance Committee. Ms. Yee provided the report on behalf of Board Governance Chair Barbara Lison. Ms. Yee reported that the Committee met with all members present, and had: (i) discussed matters related to the current Board Committee Composition, (ii) considered a change to the Board Committee assignments for 2016, which resolution is proposed, (iii) discussed the succession process for the Board Chair position, (iv) discussed the

presentation for Monday’s Board Meeting regarding OCLC’s governance structure, (v) reviewed the current expertise of the Board and discussed the potential candidates for future Board appointed Trustee positions, and (vi) reviewed the results from the Board self-assessment survey and discussed a plan to address the items receiving the lowest scores. Following discussion related to 2016 Board Committee assignments, a suggestion was made to remove one part of the resolution initially proposed by the Committee, vote on the remaining two items in the resolution, and then consider the remaining item separately. The Chair brought forward the first resolution to the full Board for their approval:

RESOLUTION

WHEREAS, the Board of Trustees of OCLC Online Computer Library Center, Inc. (the “Corporation”) previously approved the Board Committee assignments for calendar year 2016 during the November 16, 2015 meeting (the “November Meeting”); and,

WHEREAS, pursuant to the Corporation’s Board Governance Committee Guidelines, a member of the Board Governance Committee shall not serve as chair in a year in which the member’s re-election to the Board will be considered; and,

WHEREAS, after further review of the assignments approved at the November Meeting, the Board deemed it advisable to modify the appointment of the Board Governance Committee Chair to ensure compliance with the Board Governance Committee Guidelines;

NOW THEREFORE, be it

RESOLVED, that effective February 8, 2016, Barbara Lison shall be replaced as the Chair of the Board Governance Committee by David Roselle; and be it

FURTHER RESOLVED, that all other prior committee assignments of the Board of Trustees for calendar year 2016 as approved at the November Meeting shall remain in effect.

Upon a motion duly made and seconded, the Board of Trustees approved the Resolution by unanimous vote of the Trustees present.

The Chair then brought forward a second Resolution to the full Board for their approval:

RESOLUTION

RESOLVED, that effective February 8, 2016, Barbara Lison shall be appointed as a member of the Executive Committee.


Upon a motion duly made and seconded, the Resolution did not receive a majority vote of the Trustees present. This concluded Ms. Yee's report from the Board Governance Committee.


The Chair then called for the report of the Finance and Investment Committee. Ms. Hilsheimer reported that the Committee met with all members present, and had: (i) reviewed the operating results for the first half of FY16, (ii) reviewed the forecast for the remainder of FY16, (iii) received an analysis of existing capital projects, (iv) met with Marc Williams from Highland Consulting to review OCLC's investment portfolio, (v) discussed OCLC's funding cash requirements and the potential for lease financing, and (vi) received background related to the upcoming transfer pricing study. This concluded Ms. Hilsheimer's report.

The Chair then requested the Committee on Technology Planning report. Mr. Patrick reported that the Committee met with all members present, and had: (i) received an update on technology projects, and (ii) reviewed a chart of information security risks and how OCLC's technology organization is guarding against these risks. This concluded Mr. Patrick's report.

The Chair then called for the report of the Membership Committee. Ms. Parham reported that the Committee did not hold a meeting and will work with Mr. Dempsey on potential changes to OCLC's governance structure. This concluded Ms. Parham's report.

The Chair then inquired if there was any further business. Ms. Yee commended Ms. Parham and the Atlanta University Center for receiving the ACRL Excellence in Academic Libraries Award. The Atlanta University Center is the first historically black college to receive this prestigious honor. There being no further business to come before the Board at this time, a motion to adjourn was moved, seconded and unanimously approved by all Trustees present at 12:05 p.m.


Sandra Yee, Chair


Julie Presas, Secretary